

November 19, 2001

Mr. James Luce, Chair
Energy Facility Site Evaluation Council
925 Plum Street SE, Building 4
Olympia, Washington 98504-3172

RE: Satsop Combustion Turbine Project Phase II
Submittal of Request for Amendment # 4 to Site Certification Agreement

Dear Mr. Luce:

With this letter, Duke Energy Grays Harbor, LLC, and Energy Northwest, the holders of the Site Certification Agreement for the Satsop Combustion Turbine (CT) Project, are filing a request for an amendment to allow for the construction of a second phase, and are applying for expedited processing pursuant to RCW 80.50.075.

As we informed the Council in our October 23, 2001 letter, the Phase II expansion will consist of adding a duplicate of the permitted Satsop CT Project (Phase I). Phase II, as proposed, will be located entirely within the boundaries of the existing 22-acre site. The expansion will consist of two gas turbines and one steam turbine, and have an estimated output of approximately 650 megawatts.

For the following reasons, we believe that the Phase II expansion qualifies for expedited processing as it meets the four criteria listed in RCW 80.50.075. None are significant enough to warrant a full review of the application for certification under the provisions of this chapter:

(a) The environmental impact of the proposed energy facility

The Council has already issued a Site Certification Agreement that permits development of the entire site, and the Council has already considered the impacts associated with site development. As a result, the additional impacts associated with construction and operation of the proposed Phase II facility are principally limited to: (1) air emissions, (2) water use and discharge, and (3) sound emissions.

Phase II will utilize the same air pollution control technology required for Phase I, and Phase II emissions will not result in significant impacts on ambient air quality. Air emissions and the resulting effect on ambient air quality are addressed in Sections 2.11, 3.2 and 6.1 of the application.

Water for cooling will be obtained through the existing Ranney wells, and delivered through water lines originally constructed for the Satsop nuclear plants. For Phase II, Duke Energy has an agreement with the Grays Harbor Public Development Authority to purchase 9.5 cfs from its existing 20 cfs water authorization. No new water rights will be required. The amount of water used in the Phase II facility is the same as required for the Phase I facility. Water use is addressed in Sections 2.5, 2.8 and 3.3 of the application.

The Phase II facility is designed to ensure that its operation will not result in significant changes in noise levels at nearby industrial areas or at the nearest residential properties. The sound emissions from Phase II and the proposed noise mitigation measures are addressed in Section 4.1 of the application.

(b) The area potentially affected

The area to be potentially affected, as described above, is limited to a portion of the already certified Satsop CT site. The Phase II expansion has been sized to fit within the previously permitted Satsop CT Project site, on land that has already been disturbed and developed for industrial use. The expansion will utilize the natural gas pipeline and electrical transmission lines being installed for Phase I, as well as existing water lines, thus avoiding the impacts that would result if a new site were developed.

(c) The cost and magnitude of the proposed energy facility

The cost of the project is approximately \$400 million, the same cost as the already approved Satsop CT Project. The magnitude is also the same. Both costs and magnitude are far smaller than the previously approved Satsop Power Plants.

(d) The degree to which the proposed energy facility represents a change in use of the proposed site

The proposed expansion represents no change in use for the site.

Furthermore, as required by WAC 463-43-050, the Council has already found the proposed site to be consistent and in compliance with city, county or regional land use plans or zoning ordinances. Since the Council's earlier determination, there have been no changes to local zoning that would make the expansion inconsistent with either plans or zoning.

As requested by Allen Fiksdal, we are submitting 85 copies of the amendment request, both in hard copy and in electronic format on CDs included in each notebook.

We would appreciate the opportunity to meet with you and Council staff to provide additional information and to discuss the amendment consideration schedule. We would also like to make a brief presentation to the Council on the Phase II expansion at your November meeting.

Mr. James Luce
EFSEC
November 19, 2001
Page 3

Thank you for your consideration of our request.

Sincerely,

Duke Energy Grays Harbor, LLC

Kevin R. Johnson KC

Kevin R. Johnson
Director